

Exhibit A

UNITED STATES DISTRICT COURT
FEDERAL CLAIMS

GUSC ENERGY, INC.,

Plaintiff,

vs.

Index No. 14-1228-T

UNITED STATES OF AMERICA,

Defendant.

Examination Before Trial of DANIEL L. MANEEN,
taken at the United States Attorney's Office, James
Hanley Federal Building, Ninth Floor, 100 Clinton
Street, Syracuse, New York, before Anne M. Messineo,
Registered Professional Reporter and Notary Public in
and for the State of New York on the 18th day December
2015.

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For the Plaintiff: HUNTON & WILLIAMS
2200 Pennsylvania Ave. NW
Washington, DC 20037
BY: TIMOTHY L. JACOBS, ESQ.

For the Defendant: U.S. DEPARTMENT OF JUSTICE
Tax Division
Court of Federal Claims
P.O. Box 26
Washington, DC 20044
BY: JASON S. SELMONT, ESQ.
jason.s.selmont@usdog.gov

Via Telephone: Courtney M. Hutson, ESQ.

I N D E X

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WITNESS:

Pages

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DANIEL L. MANEEN

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By Mr. Selmont

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By Mr. Jacobs

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1 Maneen - Selmont

2 A. No.

3 Q. Has the plant been operational during most of
4 the past two years?

5 A. No.

6 Q. Can you tell me more about that?

7 A. Sure. It's -- again, it's economics. And as I
8 mentioned earlier, the cost of wood chips at 3.50 a
9 decatherm is substantially higher than what we
10 purchase gas for -- GUSC purchases gas for, which the
11 month of -- \$2 a decatherm, so you go back to the
12 mission statement of providing the most economical
13 fuel choice. We are running natural gas, and the
14 biomass system economics in 2014 dictated the biomass
15 system, and in 2015 it's natural gas.

16 Q. And do you know when -- let me take a step
17 back. Is the biomass facility operating currently?

18 A. No.

19 Q. At what point was it shutdown?

20 A. I have to go back and look exactly. I'm not
21 hundred percent sure. It didn't start-up -- I don't
22 believe it started up last heating season, but I have
23 to go back and look to be sure.

24 Q. Did it operate throughout the heating season
25 that ended in May or so of 2014?

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2 A. I think -- yes, it did. It operated through
3 heating season 2014.

4 Q. Through that heating season was it ever shut
5 down?

6 A. No. That's when, again, because wood chips
7 were economical at that point and it was a first-year
8 start-up.

9 Q. Do you know the date in 2014 when it was shut
10 down?

11 A. Again, first or second week in May I would
12 think.

13 Q. Since that shut down, it has not been
14 restarted; is that correct?

15 A. It has not been necessary. It's ready to go.
16 It's just a matter of it's more economical to run
17 natural gas on the older system.

18 Q. Okay. So no power, no electricity, nor any
19 steam has been produced in the new biomass facility
20 since May of 2014?

21 A. Correct.

22 Q. Okay.

23 A. Just let me clarify, though.

24 Q. Sure.

25 A. It is ready, it is available, and if wood chips

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2 were a dollar a decatherm, we would be running it.

3 Q. Okay. When did you make the decision not to
4 restart the biomass facility for the following heating
5 season after it was shut down?

6 A. When natural gas prices tanked.

7 Q. And do you know when that was?

8 A. Probably had to be the Fall of 2014. I think
9 that's when we saw the precipitous fall of gas through
10 various ranges.

11 Q. Just to clarify, the -- after you shut down the
12 facility in May of 2014, did you have to do anything
13 else other than your normal laid-up procedures since
14 you weren't going to be restarting it that following
15 winter season, heating season?

16 A. As I mentioned earlier, we did have to replace
17 the generator --

18 Q. Uh-huh.

19 A. -- uhm, as a warranty, and we did that in June,
20 and we did run the system in June to make sure the
21 generator operated, but that was just for about three
22 weeks, and then we shut it down again.

23 Q. And when it was operating, did it produce
24 electricity?

25 A. Yup.

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2 Q. And what did you do with that electricity?

3 A. Goes in -- goes to the -- into the mix with the
4 rest of our electricity.

5 Q. And other than that replacement of the
6 generator, is there any other type of maintenance you
7 have done since June of 2014 to the present?

8 A. Yeah. The normal maintenance is to run the
9 conveyors weekly, you know, take any rotating
10 components and make sure that they do not set up so
11 you tip the conveyors -- I'm sorry, you tip the truck
12 tipper. You exercise all the hydraulics. There's
13 various things, weekly and monthly things you do to
14 make sure your system is ready to run when you want to
15 run it.

16 Q. And where does the power come to do that?

17 A. Uhm, from Griffiss Utility Services. They sell
18 power to GUSC Energy.

19 Q. Other than moving and making sure that the
20 turbine is still moving around to prevent any type of
21 issues with it or that the truck -- tipping the
22 truck --

23 A. Tipper.

24 Q. -- tipper and running the conveyor, are there
25 any other types of -- general types of things that you

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2 do?

3 A. No. I think that covers it.

4 Q. All right. Is the equipment for the biomass
5 plant still there?

6 A. Yes.

7 Q. Have any of the pieces of the biomass plant
8 been removed?

9 A. No.

10 Q. If you were to decide to sell the plant, could
11 you take the plant apart and sell it piece by piece?

12 A. I don't see why not. It was built piece by
13 piece.

14 Q. Is that economically feasible to do? For
15 example, would someone buy a used generator?

16 MR. JACOBS: Objection. Speculation. You
17 can answer the question. Go ahead.

18 A. It's probably the same thing as when you drive
19 a car out of the showroom, are you going to turn
20 around and sell it to somebody else? It's a used car.
21 Would it be feasible or economical? I would think
22 not, but just speculation.

23 Q. Okay. Does GUSC Energy plan on restarting the
24 plant?

25 A. Yes.

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2 Q. When?

3 A. When it's economically feasible, and if we had
4 our grant in full, we probably would run it.

5 Q. Have you done any forecasting to determine when
6 it might be economically feasible to do so, to restart
7 the biomass plant?

8 A. Yes and no. Again, it's dependent on natural
9 gas prices or other extenuating circumstances. For
10 example, if our Government customers said, look, I
11 need green energy to survive, we would start it up
12 regardless of how much it cost.

13 Q. Why would a Government entity, Government
14 customer need green energy to survive?

15 A. For example, BRAC process in 2017, which is
16 going to be the case, at least I believe that's the
17 case, and our Air Force friends came to us and said,
18 we need green energy to put us above our competition,
19 we would make that decision to operate for that
20 reason, regardless of what it would cost in difference
21 in fuel.

22 Again, it would be -- it would be an intrinsic
23 reason, not an economic reason. Right now we're
24 operating with the gas because it's economically
25 feasible.

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2 Q. Uh-huh. Okay. Do you expect biomass fuel
3 prices to go down?

4 A. I expect them -- should they go down, yes.
5 Will they go down, probably not.

6 Q. Do you expect natural gas prices to increase?

7 A. Yes.

8 Q. In what timeframe?

9 A. I guess if I could tell you, I probably
10 wouldn't be sitting here. If you look at the natural
11 gas futures, as you go out, you have a market that
12 rises with history. You know, the further you go out,
13 the higher the prices get. There is a point on the
14 curve where you do get to be economical, but that
15 continually moves.

16 So again, I can't tell where the gas markets
17 are going to be in a year or two years. If something
18 happens, for example, they ban hydrofracking in West
19 Virginia and Pennsylvania and Ohio, natural gas prices
20 would go to \$20 a decatherm. Certainly we would be
21 burning biomass all day.

22 Q. Okay.

23 A. But again, it's purely speculation in the
24 markets that I have no control over.

25 Q. Has either GUSC or GUSC Energy entered into any

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2 forwards or futures contracts for the price of either
3 natural gas or biomass fuel?

4 A. GUSC Energy, no. Griffiss Utility Services,
5 yes.

6 Q. And what types of contracts did you enter into?

7 A. I have a contract -- Griffiss Utilities has a
8 contract through -- I think it's through April of 2016
9 and that's at --

10 Q. Is it a forward or a future?

11 A. It's a future.

12 Q. And what will happen if -- I'm sorry. Future
13 on natural gas?

14 A. Correct.

15 Q. And what happens if -- do you know what the --
16 what the target price is, for lack of a better term?

17 A. What Griffiss Utilities has now is the bases
18 locked up, which is the transportation-type scenario.
19 Then you just match the physical -- either hit the
20 price prior to expiration or you get the expiration
21 price. Right now I didn't look at the numbers. I
22 don't have my phone. They took my phone. I believe
23 it was in the high -- in the low two-dollar ranges, by
24 April, I think. Again, as of yesterday was -- January
25 was 1.70. As you went out, it kind of rose up. I

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2 think it got to April little over two, I believe.

3 Q. That's \$2 a decatherm?

4 A. A decatherm.

5 Q. Is that the only future contract you entered
6 into -- GUSC has entered into?

7 A. Yes. Now we have -- Griffiss Utility Services
8 has electric contracts that are special contracts from
9 the State of New York called Recharge New York, which
10 is a fixed price, low price for a certain amount of
11 our quantities, so that would be equivalent to a
12 fixed-price contract, if everything else is market
13 based.

14 Q. Do you currently have a supplier for biomass
15 fuel?

16 A. We have a main supplier, and he subs to a bunch
17 of different folks.

18 Q. And who is that?

19 A. Kevin Regan. I think it's Regan Logging.

20 MR. SELMONT: Can we mark this as a new
21 exhibit.

22 (Whereupon, Exhibit No. 6 marked for
23 identification.)

24 Q. Do you know what this document is?

25 A. Yes, I do.

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2 as the issue is resolved.

3 Q. And that is an accurate statement?

4 A. Yes.

5 Q. I apologize. So what actions are you currently
6 doing as of the last month?

7 A. Wait for prices of wood chips to come down or
8 prices of gas to go up.

9 Q. Are you -- is there anything else that you're
10 doing other than waiting for the prices to change?

11 A. Not much less we can do.

12 Q. Do you continue to search for alternative
13 sources of biomass fuel other than Mr. Regan?

14 A. Yes.

15 Q. Other than -- can you tell me more about those
16 activities that you're doing to search for other
17 biomass suppliers, wood chip suppliers?

18 A. Phone around, get prices for wood chips and
19 availability in volumes.

20 Q. And approximately how often does GUSC Energy do
21 that?

22 A. Not sure exactly.

23 Q. Is it a daily call, is it a weekly call?

24 A. No.

25 Q. Monthly call?

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2 A. Probably monthly.

3 Q. Okay.

4 A. Prices don't change. The wood chip business
5 prices haven't changed in a couple of years. They
6 probably won't change overnight, so you can probably
7 assume that the price of last month and last year are
8 very similar to what they are today.

9 If natural gas prices keep continuing to go
10 down, the distance between operational elements and
11 pricing conditions, considerations will remain the
12 case.

13 Q. Have you run any analysis to make a
14 determination whether you believe gas prices are going
15 to be going down in the future -- I'm sorry, gas
16 prices are going to be going up in the future?

17 A. Yes. We previously discussed that. Based on
18 futures prices, there is a time when natural gas
19 prices meet or exceed wood chip prices. I just can't
20 tell you what those prices are because they change
21 every ten minutes.

22 Q. Do you have an -- as of today, is there a date
23 that you anticipate restarting the facility, the
24 biomass facility?

25 A. No.

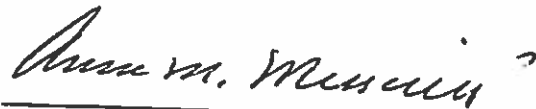
1 *Maneen - Selmont*

2
3 C E R T I F I C A T I O N
4

5 I, Anne M. Messineo, Registered Professional
6 Reporter and Notary Public in and for the State of New
7 York, DO HEREBY CERTIFY that I attended the foregoing
8 proceeding, took stenographic notes of the same, and
9 that the foregoing, consisting of 187 pages, is a true
10 and correct copy of the same and the whole thereof.

11 I further certify that the witness requests to
12 review said transcript;

13 I further certify that I am not an attorney or
14 counsel of any parties, nor a relative or employee of
15 any attorney or counsel connected with this action, nor
16 financially interested in same.

17
18 

19 Anne M. Messineo, RPR
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21
22

23 DATED: January 4, 2015.
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